PayActiv, Inc.

October 7, 2016

Monica Jackson
Office of the Executive Secretary,
Consumer Financial Protection Bureau
1700 G Street NW
Washington, D.C. 20552

RE: Proposed Rule and Request for Comment on Payday, Vehicle Title, and Certain High-Cost Installament Loans. Docket No. CFPB-2016-0025 or RIN 3170-AA40

Dear Ms. Jackson:

On behalf of PayActiv Inc., I am writing in regards to the Consumer Financial Protection Bureau's (CFPB) Proposed Rule on Payday, Vehicle Title, and Certain High-Cost Installament Loans, specifically commenting on the following language set forth by the Bureau:

"At the same time, the Bureau recognizes that some newly formed companies are providing services that, in effect, allow consumers to draw on money they have earned but not yet been paid. Some of these services do not require the consumer to pay any fees or finance charges. Some rely instead on voluntary "tips" to sustain the business, while others are compensated through electronic fund transfers from the consumer's account. Some current or future services may use other business models. The Bureau is also aware of some newly formed companies providing financial management services to low- and moderate-income consumers which include features to smooth income. The Bureau solicits comments on whether such entities are, or should be, excluded from the definition of lender, and if so, whether the definition should be revised. For example, the Bureau solicits comment on whether companies that impose no charge on the consumer, or companies that charge a regular membership fee which is unrelated to the usage of credit, should be considered lenders under the rule."

The urgency to find options other than traditional banking and credit devices is apparent. The high cost of predatory lending regarding debt and fee traps is untenable. We believe it is abundantly clear that traditional banks have not and cannot serve this segment for the foreseeable future. Also, there is ample evidence that subprime lenders are expensive and in many instances predatory – which has promulgated the need for the Bureau to regulate the products and associated businesses.

Credit continues to be an essential tool needed by millions. Responsible and affordable consumer credit can be the fuel that can stimulate the U.S. economy generating macroeconomic benefits. Unfortunately, credit products available today for the near prime and subprime consumers are expensive, predatory, and can result in a vicious cycle of debt leaving a trail of destruction its path. The application of proposed rules will regulate the supply of predatory credit but it will also leave millions without access to credit. This circumstance will create significant financial stress in the lives of millions of working Americans negatively affecting them and their workplaces. Businesses will be negatively impacted

resulting in lower morale, retention, productivity, and greater health issues for their employees. This is the juncture where innovative and impactful solution providers must partner with employers and give their employees much needed relief from chronic financial stress primarily associated with debt and fee traps. We know that employers, and the CFPB, understand the importance of financial wellness within the scope of employment.

We believe the issue of whether entities facilitating employees to access their earned but unpaid income are lenders is Not Determinative. Atleast in the case of PayActiv, there is no credit issued or acquired by any party. Our experience can affirmatively illustrate that on demand access to earned income results in net savings for employees and gives them peace of mind and a sense of security. Employers on the other hand benefit in multiple ways including but not limited to higher productivity, engagement, and lower attrition.

We ask that the Bureau first ascertain with time and data how these types of services benefit consumers and measure the impact of the services offered. Once sufficient data is analyzed, the Bureau can then determine if and how to regulate.

Expanding the definition of a lender or credit and/or applying the definition to companies that are clearly not issuing credit will not serve consumers well. After all, access to earned but unpaid income is a fair and dignified way for all employees, irrespective of socioeconomic status or credit history, to use their income when they need it the most. Currently, the employer and or the payroll process is the driver determining when to settle funds. From a cash flow perspective business interests may be misaligned against their workers, and inadvertently stifle the worker's ability to improve their financial health. The inverse, a business supporting an employee's financial health, however, yields benefits to the business, community, and society in general.

Under the current circumstances (supply being curtailed and demand remaining intact), we ask the CFPB to embrace innovation and support these models as a viable alternative to detrimental credit products. The CFPB will retain its authority to regulate, so we see no harm in allowing these companies to evolve by offering their services versus regulating them in their infancy. We ask the Bureau to encourage and support innovative solutions that are clearly a viable alternative to existing harmful and predatory products.

We ask the CFPB to support innovation that will bring widespread financial wellness to people, business, and the economy as a whole and to permit employees access to their earnings whenever they need it most. Thank you for your consideration.

Respectfully,

Safwan Shah

(President & CEO – PayActiv, Inc.)